

Distribution of Retirement Solutions in the 'At Retirement' Market




It's the consumer, stupid!

26 January 2012



January 25, 2012
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It's the consumer, stupid!

Targeted customer

From Mr D. O. R. Mossman

Sir, I have received an insurance company leaflet which suggests that I could save over £200 on my car insurance. The small print then explains:

All price saving comparisons included in this leaflet are based on a 44 year old female living in the Darlington area, with Comprehensive cover but zero No Claims Discount, driving 12999 miles per year in a 2002 Rover 25 1.4.

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 If she would like to get in touch with me I will pass the leaflet on to her.
 Yours sincerely,
 DAVID MOSSMAN,
 24 Harestone Hill,
 Caterham, Surrey CR3 6SX.
 January 14.

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It's the consumer, stupid!

1. Market is dysfunctional
2. Biggest issues
3. How we might tackle them



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ASSET M
ANAGER
PRO
VIDER
ADVIS
ER TRUS
TEE

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DC shouldn't be this hard

Only 4 questions

1. Should I join?
2. Where do I invest?
3. How much should I save?
4. How (and when) do I take my benefits?

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DC shouldn't be this hard – however,

At retirement choices are:

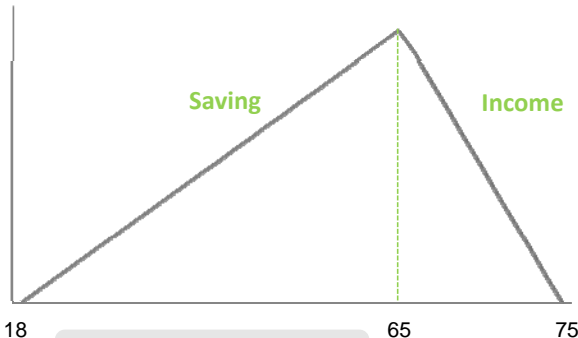
- Critical
- Complex
- Urgent
- Irreversible



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Retirement – how it used to be



- » One job
- » Risk with employer
- » No choices
- » Retirement – a single event

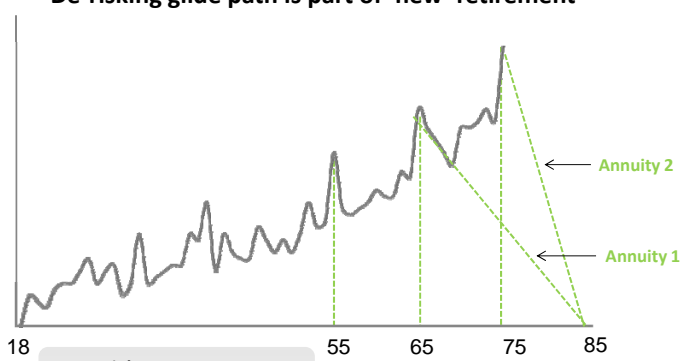
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Retirement – how it is now

De-risking glide path is part of 'new' retirement



- » 10+ jobs
- » Risk with consumer
- » Many choices
- » Retirement – a process

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Dislocation between accumulation and decumulation

Saving

Income

Typical individual is expected to be:

- Inert
- Financially illiterate
- Disengaged
- Low wealth
- 80% of the market

- Proactive
- Sophisticated
- Engaged
- Wealthy
- 20% of the market


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How do we overcome these issues?

On the road to retirement:



1. It's not two products – it's one
2. Getting the glide path right (for different groups)
3. Make sure SRDs are sensible
4. Aggregate small pots

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The big question – what's everyone else doing?



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Context

Delivering consumer engagement

It's your money so here's a quick update on the 12 months to 30th September 2010

Expected income

Total £s in your pot
YOU: 1272,889
OTHERS LIKE YOU: 136,429
To add in your other savings visit [dcsitions.com/community](#)

Contributions

To increase your contributions visit [dcsitions.com/boost](#)

The change in value of your savings since 12 months ago depends on:

- 1 how much you saved
- 2 how your investments performed

To see all your pension numbers visit [dcsitions.com/me](#)
Your financial personality...

To learn more visit [dcsitions.com/community](#)

Investment return

To learn about risk and return visit [dcsitions.com/boost](#)

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There's no point getting the glide path right.....

Men

Age Group	Percentage
65	87%
60-64	15%
60	7%
Over 65	1%

Women

Age Group	Percentage
61-65	74%
60	21%
60	7%
Over 65	1%

Selected retirement ages


..... If you're aiming for the wrong destination.

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Small pots



- £5,276 median 'pot'
- 58% 'dormant'
- 80% still 'dormant' 3 years later
- Aggregation vital


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How do we overcome these issues?

At retirement:

1. Smarter defaults
2. Educate
3. Advise
4. Steer



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What attributes of products do consumers like?

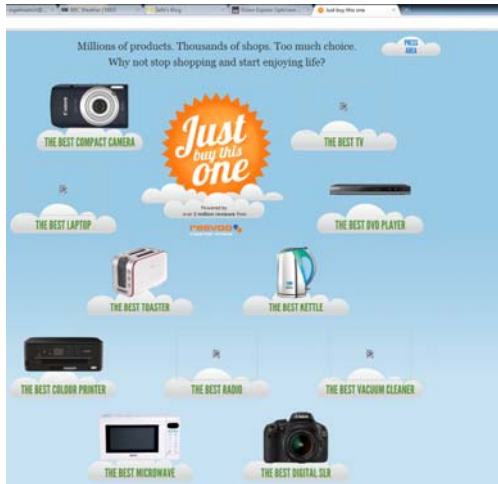
- Simple to use and to understand
- Reliable and predictable
- Guaranteed
- Durable - one off decision (fix and forget)

- Sounds like an annuity to me

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Just buy this one!



“We looked at **137,787 TV reviews**: this is the **best TV under £650.**”

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